

FISCAL NOTE

SB 694 - HB 1135

March 27, 2003

SUMMARY OF BILL:

- Requires the Commissioner of Health to promptly report to the Commissioner of Finance and the Comptroller a violation of nursing home standards or residents' rights that effects the amount of payment for which nursing home qualifies. Requires the commissioner to submit a report no later than February 1 of each year to the Governor and the Speakers of the General Assembly regarding the department's nursing home inspection and enforcement activities and any legislative recommendations. Requires the commissioner to promptly report to the TBI incidents of apparent exploitation, abuse or neglect of nursing home residents.
- Requires the Commissioner of Health, in consultation with the Commission on Aging and Disabilities, to submit to the Speakers of the General Assembly, by January 1, 2004, a plan for contracting with one or more state universities to establish and maintain academic programs for improving the quality of care and life in state nursing homes.
- Allows the Board for Licensing Health Care Facilities to place a facility on probation, except when the facility has been on probation in the last 24 months, the facility must agree to temporary management by the department and would allow no new admissions. No facility that is on probation would be allowed to admit new patients until temporary management is appointed and the department determines that the health and safety of patients can be assured.
- Provides that during the fiscal year beginning July 1, 2004, the department must establish nine additional nursing home inspectors. The bill increases penalties on long term care facilities for violation of standards and requires penalties to be adjusted each year based upon the consumer price index.
- The Nursing Home Resident Protection Fund could be used for establishing a revolving fund to provide legal assistance through the long-term care ombudsman program. This bill would impose an additional surcharge on nursing homes to fund the requirements of the act. Requires the Department of Health to intervene on behalf of nursing home residents when a facility files for bankruptcy. The commissioner may draw upon the trust fund for expenses incurred in advocating on behalf of nursing home residents. The bill would prohibit an increase in the number of licensed nursing home beds if the entity has been found in violation of certain regulations within the last five years.
- Requires a 100% increase in the budget of the long term care ombudsman
- Requires the manager of any entity that owns a nursing home receiving Medicaid payments to submit a quarterly certification that the facility meets all Medicaid requirements.
- Requires the TennCare Bureau, the Commissioner of Health and the Comptroller to study possible reforms of TennCare reimbursement of prescription drugs for nursing home residents. The Bureau and the Comptroller would institute such reforms by January 1, 2004 or explain their findings to the Speakers of the General Assembly.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$25,000 FY03-04
\$1,085,930 Recurring FY 04-05
\$72,600 One-Time FY 04-05

Increase State Revenues - \$35,385 FY 03-04
\$1,168,900 FY 04-05

Increase Local Govt. Expenditures - Not Significant FY 03-04
Less Than \$100,000 FY 04-05

Other Fiscal Impact - To the extent the additional nursing home fees are allowable costs for reimbursement under the TennCare program, a portion of the expenditures would be funded by federal revenues.

Assumes:

- A need for nine nursing home inspectors and related expenses in the Department of Health beginning in FY04-05.
- A 100% expansion of the Long Term Care Ombudsmen Program in the Commission on Aging and Disability in FY04-05. FY02 expenditures were \$746,000.
- Revenue from the nursing home surcharge created by the bill will equal the expenditures mandated by the bill. The surcharge will be levied on a per bed basis from 38,489 nursing home beds. The per bed surcharge would be approximately \$.65 in FY03-04 and \$30.10 in FY04-05.
- A small increase in civil penalties levied by the Board for Licensing Health Care Facilities. Fines in FY01-02 were \$6,700.
- The increase in expenditures from the Nursing Home Resident Trust Fund to expand legal services in the Long Term Care Ombudsman Program is permissive. The cost of such an expansion is approximately \$110,000, according to the Commission on Aging.
- The educational training program described in the bill is permissive. If such a program were implemented, the Department of Health estimates the cost would be approximately \$3,000,000 annually. The program would be funded by an increase in the surcharge on nursing homes.
- Increased expenditures by nursing homes owned and operated by local governments. The amount cannot be determined but is estimated to be less than \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director